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RUEHJA/ISLAMIC CONFERENCE COLLECTIVE
RUEHGG/UN SECURITY COUNCIL COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 0798
RUEHDT/AMEMBASSY DILI 0847
RUEHWL/AMEMBASSY WELLINGTON 1527
RUEHJA/AMCONSUL SURABAYA 1804
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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001580

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SUBJECT: A/S HILL DISCUSSES NORTH KOREA AND KOSOVO WITH
PRESIDENTIAL FOREIGN POLICY ADVISOR DINO DJALAL

REF: JAKARTA 10189 BANK MANDIRI CLOSES DPRK ACCOUNTS

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Classified By: Charges d'Affaires John A. Heffern, Reasons 1.4 (b) and
(d)

11. (C) Summary: On May 29, A/S Hill and Presidential Foreign
Policy Advisor Dino Djalal discussed North Korea, Kosovo,
Lebanon, Iran, Thailand, the Indonesian mud flow problem, the
Newmont case, military cooperation, the Yudhoyono
administration, and economic growth. Djalal said if the U.S.
is interested, Indonesia might be able to help transfer North
Korean frozen assets in Macau through a bank in Indonesia,
where the North Koreans have a closed account. He said the
GOI could go either way on the Ahtisaari Kosovo proposal in
the UNSC. End Summary.

North Korea

12. (C) A/S Hill briefed Djalal on North Korean talks,
including steps to address the transfer of frozen North
Korean funds in Macau. Djalal responded that during a
discussion between Foreign Minister Hassan Wirajuda and
Secretary Rice, Wirajuda had told Secretary Rice that North

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Korea had accounts in Indonesia's Bank Mandiri which could be
used to transfer the frozen assets, if the U.S. approved.
(Note: Per reftel, the North Korean accounts in Bank Mandiri
are now closed but not frozen, and could be reopened.) GOI
would also consider contributing heavy fuel oil to North
Korea, Djalal said. Djalal also offered his view of the
North Korean regime, saying, "It's a society which depends on
a myth. Once it opens up the whole society will crumble. I
am beginning to think the only reason they hold onto the
nuclear program is it's the only thing that makes them
relevant." Djalal praised Hill's work on the Six-Party Talks
and said the whole region is hoping for them to succeed.

Kosovo, Lebanon and Iran, Thailand

13. (C) Addressing the Ahtisaari Kosovo resolution, Djalal
said the GOI "could go either way," and that "there are
arguments on both sides." He added, "Kosovo is the only
issue on which we are not sure which way we will go."

Addressing the Hariri tribunal, Djalal said the GOI's only concern is to avoid a civil war, adding that the GOI condemns the killing. Djalal asked A/S Hill about talks with the Iranians in Baghdad, telling him, "We do encourage you to talk with the Iranians." Djalal informed A/S Hill that President Yudhoyono has been called before Parliament on June 5 to explain Indonesia's support of the UNSC 1747 on Iran, but said Yudhoyono will not attend but will send a senior minister instead. Talking about Thailand, A/S Hill condemned the coup, saying he had emphasized to Thai military leaders that it is important that the elections not be delayed past December 2007.

Mud Flow, Newmont case

¶4. (C) Talking about his visit to the mud flow in Surabaya, A/S Hill stressed what a catastrophe it is and that no one seems to know how to deal with it. Djalal explained a Japanese solution which he said looks promising, to separate the water from soil and make bricks out of the soil. He asked if the U.S. has any scientific advice on how to solve the flow, and A/S Hill responded that Indonesia needs some solid technical advice. Noting that the mud flow is a real political issue for Yudhoyono because of the large number of votes in eastern Java, Djalal said it has to be solved by 2008, before the 2009 presidential elections. Djalal raised the Newmont case, noting the acquittal. A/S Hill responded that this was a good verdict but that the prosecutor's decision to appeal is not. Djalal said the government did not ask the prosecution to appeal.

Military restrictions, Economy

¶5. (C) Djalal said proposed U.S. Congressional restrictions

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on military assistance to the Indonesian military (TNI) would "be a huge step backwards." A/S Hill responded that we just need to work through this, and that as long as TNI keeps moving in the right direction this will work out alright. President Bush and Secretary Rice are both very positive about Indonesia, he noted. A/S Hill said the key issue is to keep the Indonesian economy on track for the sake of the people's well being.

Yudhoyono, Amien Rais, Ambassador Hume

¶6. (C) Djalal said Yudhoyono is more confident politically now, explaining that he had learned his lessons from Gus Dur, who took Parliament head on immediately after taking office, leading to disintegration of support and his downfall. While the media questioned Yudhoyono's decisiveness early in his term, Djalal said his softer approach is now paying off. Economic growth is strong and Yudhoyono has more friends now than in 2004, Djalal said. Djalal volunteered an apology for National Mandate Party's Amien Rais' accusations that the U.S. made campaign contributions to Indonesian political campaigns in the last presidential elections, including to Yudhoyono's. Djalal pointed out that Rais has been raising these types of questions for years, "always playing this game." A/S Hill said he told the press that this story is not true. He said Trade Minister Sri Mulyani's recent visit to Washington went very well. He also told Djalal that last Friday the Senate approved Cameron Hume as ambassador. Djalal said he heard that Ambassador Hume speaks Arabic.
HEFFERN